

**Testimony of Laurey Masterton, Owner, Laurey's Catering**  
**To the U.S. House of Representatives**  
**Committee on Small Business**  
**August 30, 2007**

Thank you for asking me to speak about my business and health insurance. I have been living and working in Asheville, running my catering company, since 1987. I started catering out of a second floor walkup apartment, working alone, doing all the planning, shopping, cooking, serving, and cleaning up. All alone.

After 3 years I was caught (fortunately) by the Health Department and made the decision to get a real kitchen that was approved and fully legal. At that point I started to have employees too. First one and then more and more, as needed, of course. My business grew as did my overhead.

To back up a bit: when I was 25 I found out that I had uterine cancer. I did not have any insurance but needed, and had, major surgery. Fortunately I had a mentor whose partner was an Ob-Gyn, and she did not charge me for her part in my ordeal. I did, however, have a stint in the emergency room and a few days in the hospital. In New York at that time (maybe still?) there was a fund, the Hill-Burton fund, that covered people who did not have any money to pay for these sorts of things. I did not have full time employment. At that point in my life I was working as a theatrical lighting designer, and so I was covered by that fund. I did have to pay the emergency room, though and it took me a long time, paying 100.00 per month, to pay off that debt.

When I was 34 I had cancer again, ovarian this time, and fortunately had coverage. All those bills were paid, as were the necessary follow up treatments that I needed.

Realizing that health insurance is essential, I have offered it to full time staff since the very beginning of my business (as soon as I had full time staff, that is.) This has made me have much more overhead than my competitors and has always meant that I am more expensive than my competitors. This is a problem, but it is also something I am committed to doing, and hopefully my clients will understand that being a good, responsible employer means that it can translate into higher costs but that taking care of one's staff is an admirable thing to do.

Unfortunately, this understanding is not always present. I don't really feel comfortable saying, "Well yes, but they pay under the table and they don't offer any benefits and they don't have any insurance and..." that gets whiney and I try to take the higher road, trying to know that I am doing the right thing.

I do pay all my taxes. I do follow all the rules – which can often mean higher costs to me. And I still do offer all my full time employees full health insurance.

I used to pay 100%. A few years ago, however, when the costs just kept rising and rising, I had to call a stop to that. We have capped our payment per month, per employee now, and deduct the remainder from our employees checks. I really wish I didn't have to do this, but it was really getting completely out of control.

Let me give you a sense of the costs.

I have about 20 – 40 employees. About 10 of these are full time, qualifying for full health insurance. I pay about 4,000.00, around 4% of my sales, each month to Blue Cross and another, smaller amount to our dental insurer. This is a significant amount of money for me. Imagine what I could do with an extra \$48,000.00 per year! Imagine what some of my competitors do. Imagine how they can afford to charge less.

As I was writing this, a some-time employee of mine came in to pick up a paycheck. He has just started a catering company in another town. He's working out of someone else's kitchen and, at this point, doesn't have any staff except for himself and his wife. He was smiling and spoke excitedly about how well he is doing. "The profit is amazing!" he said. Right, I thought, having just finished looking at my current list of accounts payable. No overhead. Lots of profit. Ah well. I run a profitable business, but it is much harder to do with the huge amount of money I pay to health insurance and the other pieces overhead that I have.

At the same time, I feel safe knowing that I have insurance and that some of my staff have it too. It makes a huge difference to them. We've had employees with injuries (not from working) and they've been covered. We've had folks who now get regular medical and dental checkups – and I know they were not able to do that before working for me. I know I'm doing the right thing.

But it is expensive.

It seems tragic that we can't find a cheaper way to take care of things. I am glad to know you are asking for opinions and experiences and I hope that you can really find a way for more people to get insurance and for people like me to be able to run a responsible, profitable, and truly competitive business. Everyone should be able to have insurance and an employer should be able to offer it without breaking the bank.

Thanks for listening.